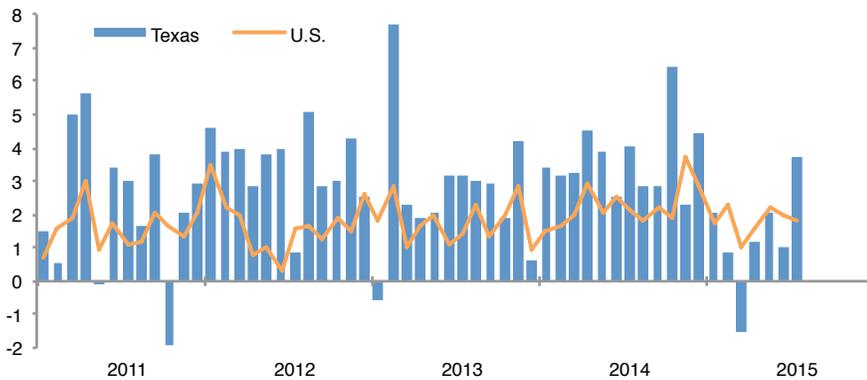


FEDERAL RESERVE BANK OF DALLAS • AUGUST 24, 2015

Summary The Texas economy strengthened in July. Employment growth climbed during the month, and unemployment held steady. Exports ticked up in the second quarter, and existing-home sales inched up further in July. The Texas Leading Index dipped in June.

Employment

Month/month percent change, annualized*



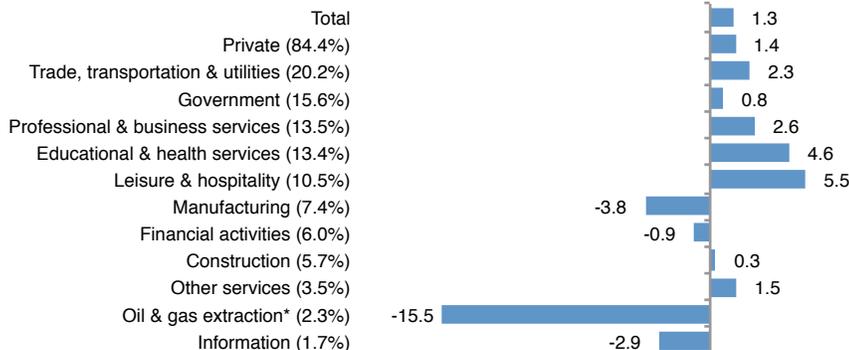
*Seasonal and other adjustments by the Federal Reserve Bank of Dallas.

► Texas employment grew at a 3.7 percent annualized pace in July, well above the nation's 1.8 percent increase. Texas gained 35,800 jobs in July after adding 10,300 in June. Current Texas employment stands at 11.8 million, according to the payroll survey (Current Employment Statistics).

► The Texas unemployment rate remained flat in July at 4.2 percent. The state's reading continues to be lower than the U.S. rate, which came in at 5.3 percent.

► The Dallas Fed's Texas employment forecast was revised upward from 1.0 percent in July to 1.3 percent in August (December over December). The Texas employment forecast is available at www.dallasfed.org/research/forecast.

Employment Growth by Sector



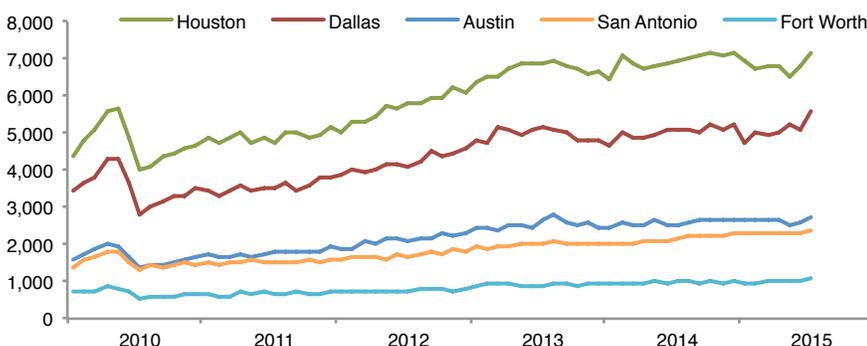
*Includes support activities for mining.

NOTES: Annualized percent change, December 2014–July 2015. Seasonal and other adjustments by the Federal Reserve Bank of Dallas. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

► Employment has grown at a 1.3 percent annualized rate year to date (through July). The leisure and hospitality sector continued to record the fastest pace of increase at 5.5 percent, followed by educational and health services, and professional and business services. Employment in oil and gas extraction and the manufacturing sector declined year to date.

Existing-Home Sales

Number of existing homes sold*



*Seasonally adjusted.

► Existing-home sales rose 3.1 percent from June to July and were 7.9 percent higher than year-earlier levels. Houston home sales increased for the second consecutive month, growing 5.6 percent in July, while Dallas sales climbed 9.7 percent in July following a 2.8 percent decline in June. Home inventories ticked up to 3.4 months of available supply in July.

► Texas housing starts, including both single-family and multifamily units, soared 35.1 percent in June after falling 16.9 percent in May. Starts are up 49.3 percent year over year. Single-family housing construction permits also increased 3.6 percent in June after declining 2.1 percent the previous month and were up 8.0 percent year over year.

Crude Oil Prices

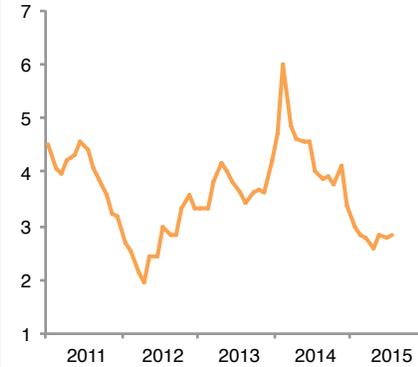
Dollars/barrel



► West Texas Intermediate crude oil fell from \$59.85 per barrel in June to \$50.91 in July. The price was 50.9 percent lower year over year.

Natural Gas Prices

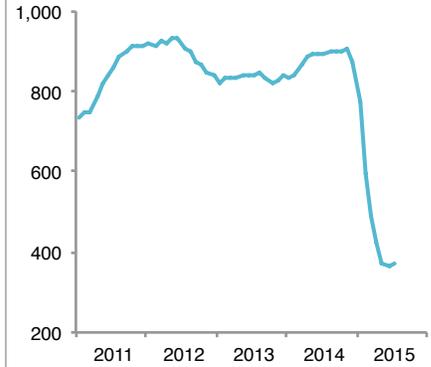
Dollars/million Btu



► Natural gas inched up to \$2.83 per million Btu in July, a 2.2 percent increase from the June level. The price was 29.4 percent lower than in July 2014.

Texas Rig Count

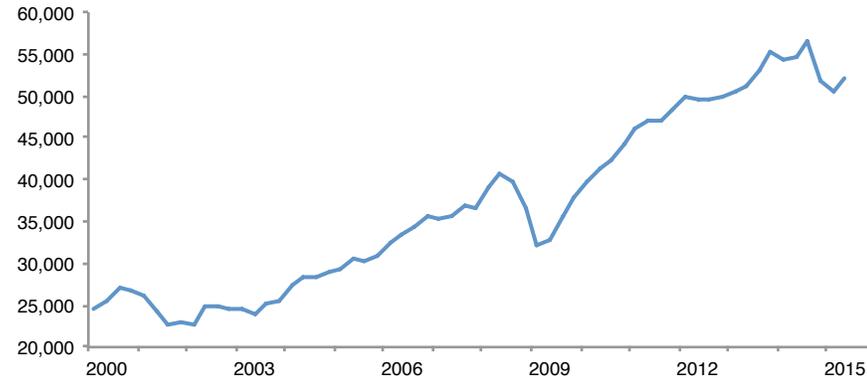
Active rigs



► The Texas rig count ticked up for the first time since November 2014, rising from 363 in June to 369 in July and was down 58.7 percent from last year's level.

Exports

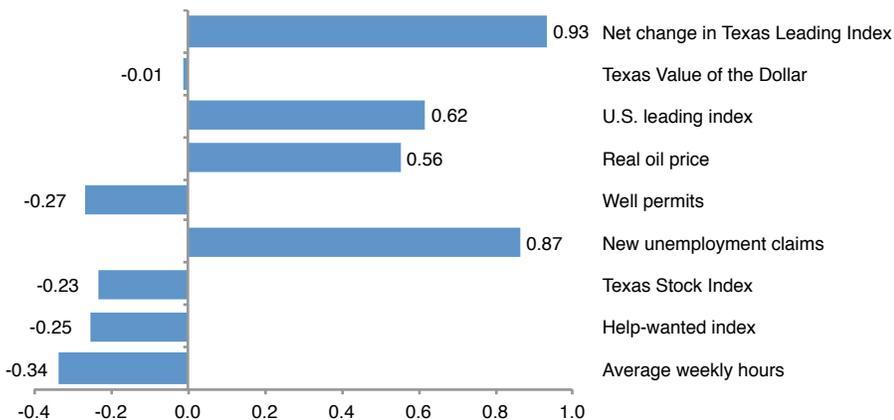
Real 2000 dollars (millions)*



*Quarterly, seasonal and other adjustments by the Federal Reserve Bank of Dallas.

► Texas exports increased 3.2 percent in the second quarter but were 4.7 percent lower than a year ago. Texas exports to Canada saw the largest increase, climbing 7.1 percent, whereas exports to China increased a modest 4.3 percent relative to its 21.7 percent increase in the prior quarter. Exports to Mexico—Texas' largest trading partner—grew 2.4 percent in the second quarter.

Texas Leading Index with Components



NOTE: Three-month percent change through June, seasonally adjusted.

► The Texas Leading Index, which uses key economic indicators to forecast employment growth, edged down 0.42 percent in June. However, the three-month net change (April to June) was positive at 0.93 percent. Growth in the U.S. leading index contributed positively to the Texas Leading Index as did a decline in Texas new unemployment claims. The Texas Stock Index, the help-wanted index, average weekly hours and well permits continued to decline, negatively affecting the index.

NOTE: Data may not match previously published numbers due to revisions.

SOURCES: **Employment:** Bureau of Labor Statistics' Current Employment Statistics (CES) and Texas Workforce Commission; **housing:** Multiple Listing Service; Census Bureau and Bank of Tokyo-Mitsubishi UFJ; **energy:** Wall Street Journal and Baker Hughes; **exports:** Census Bureau and WISERTrade; **Texas Leading Index:** Dallas Fed.

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